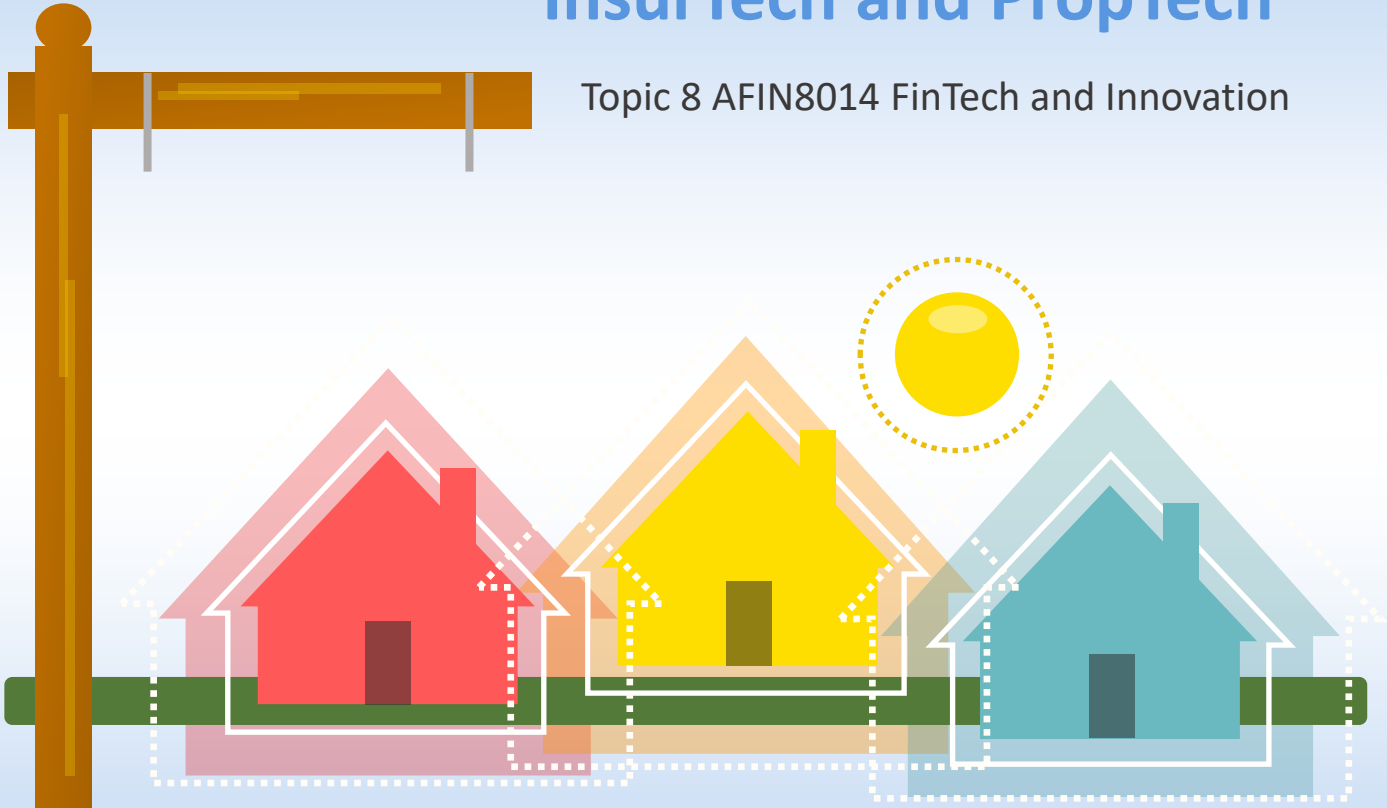


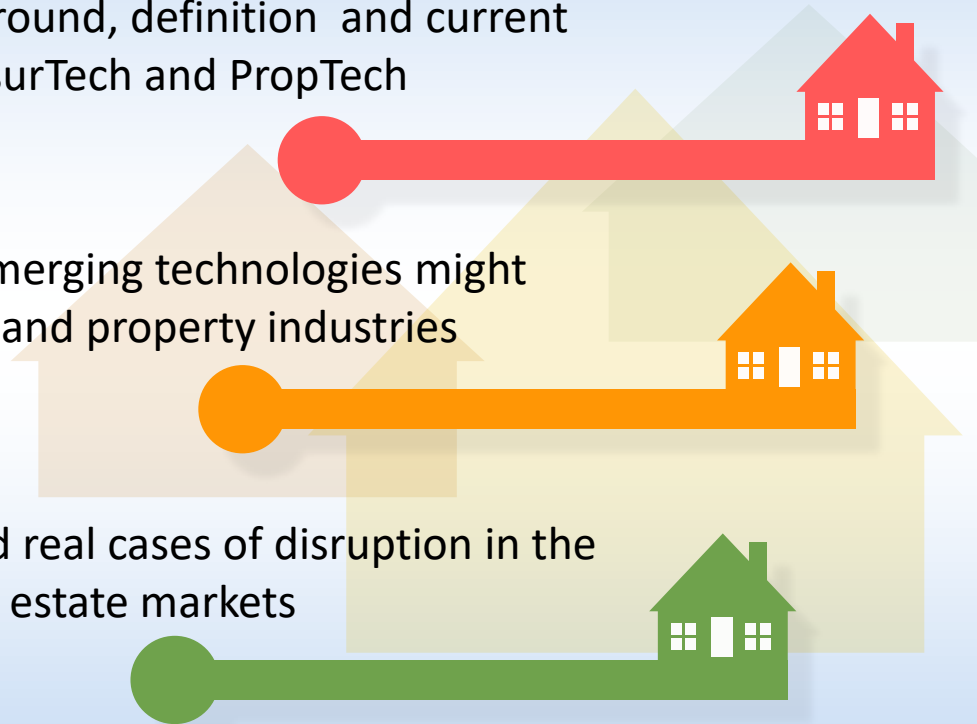
# InsurTech and PropTech

Topic 8 AFIN8014 FinTech and Innovation



## Learning Objectives

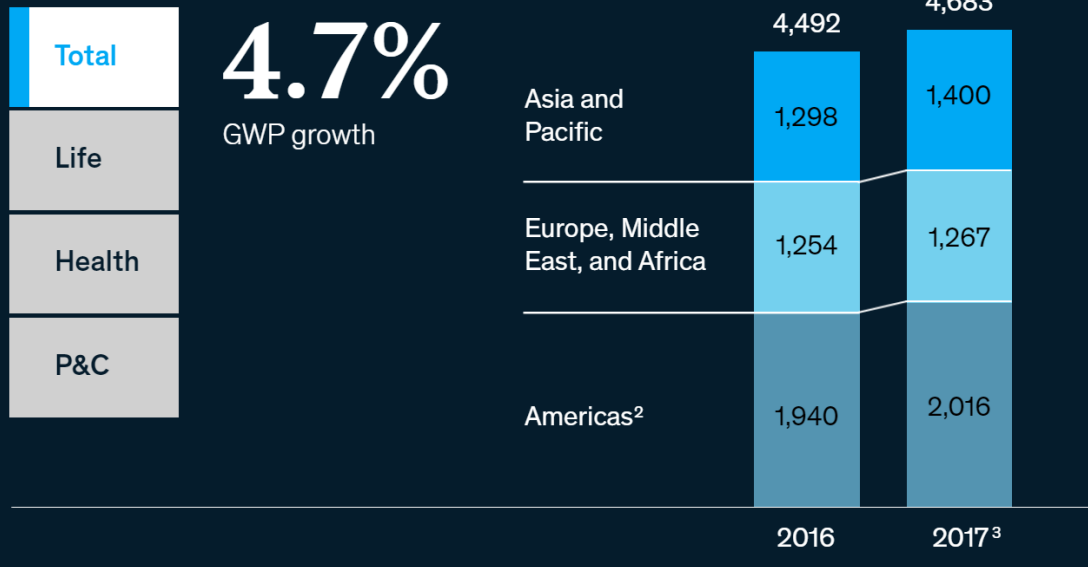
- Examine the background, definition and current development of InsurTech and PropTech
- Discuss how key emerging technologies might reshape insurance and property industries
- Analyze trends and real cases of disruption in the insurance and real estate markets



# Global Insurance Industry

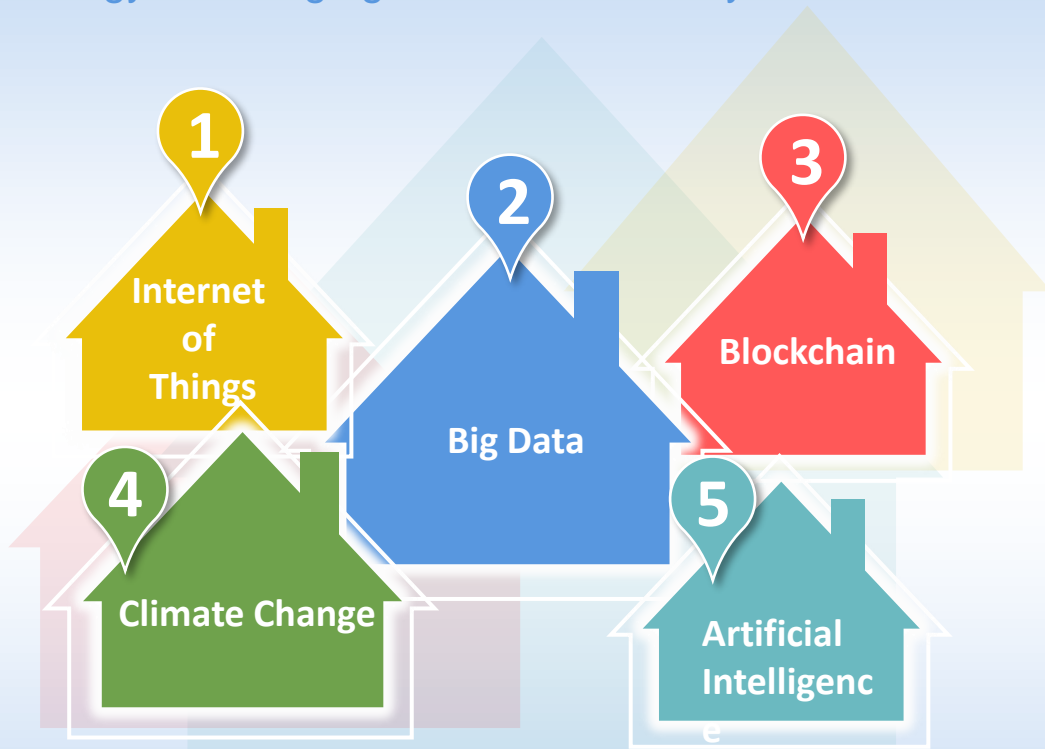
The global insurance industry, led by life and P&C, increased growth in 2017.

Premiums, €, billions<sup>1</sup>



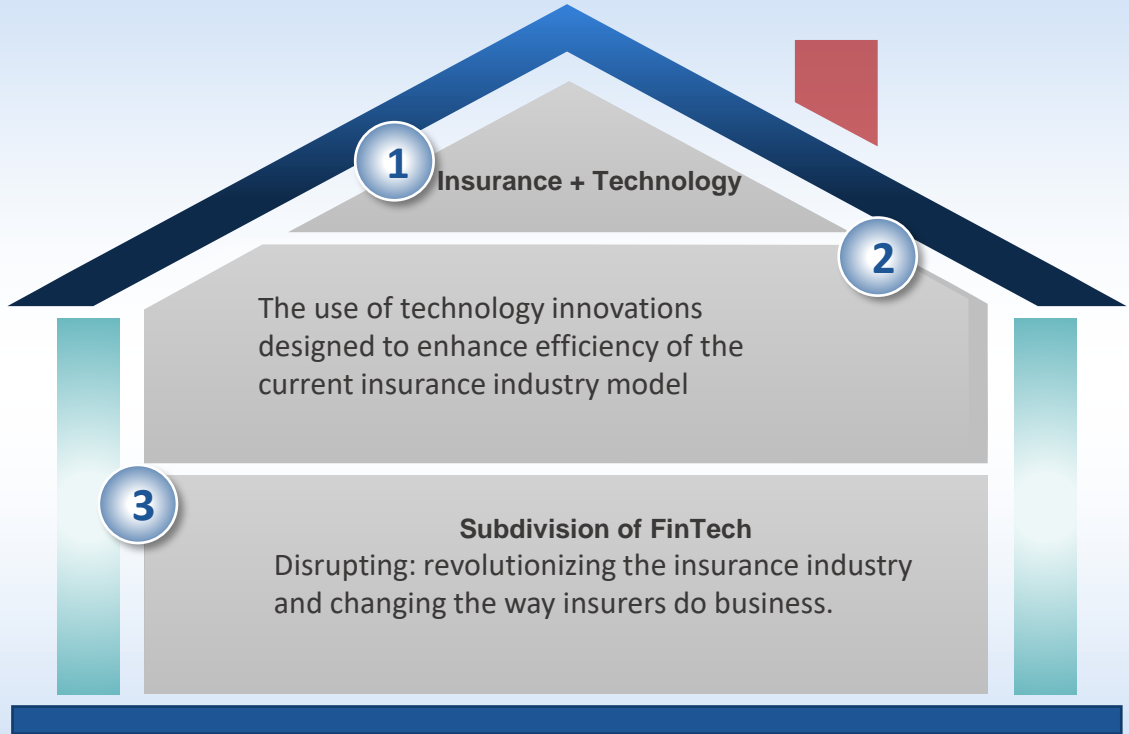
Source: Mckinsey, "2019 global insurance trend and forecast"

# How Technology is Changing Insurance Industry

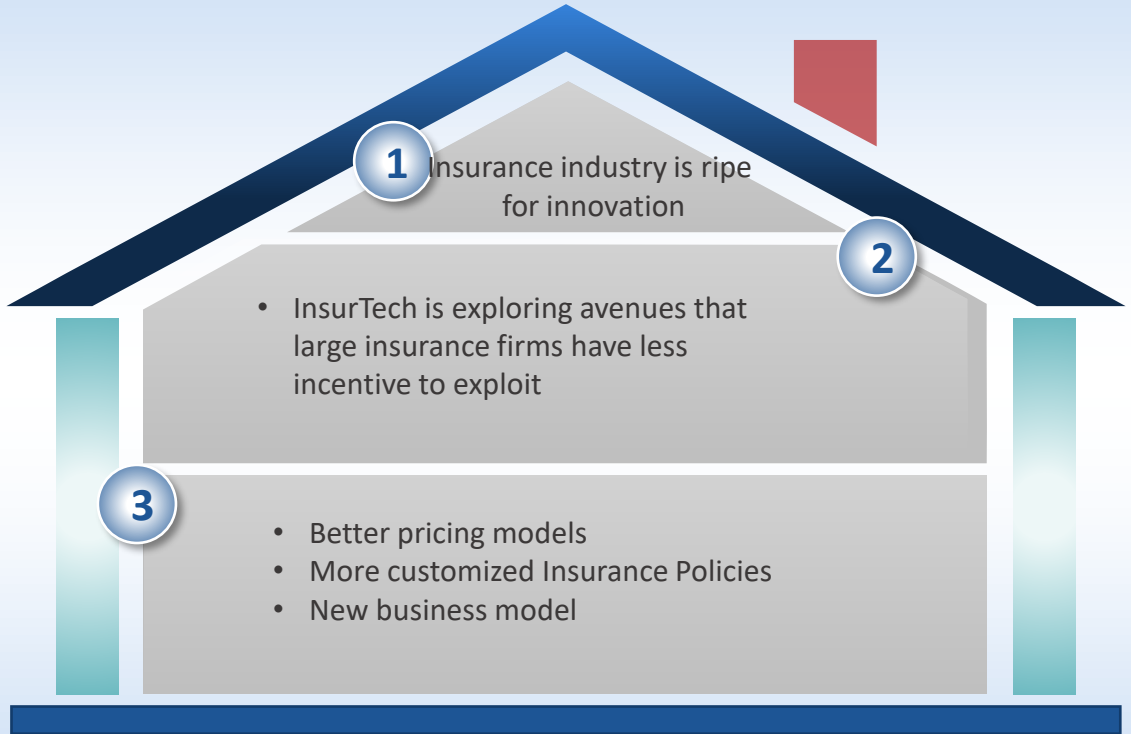


Technology-led disruption: opportunities on increase efficiency and new markets

# What is InsurTech?

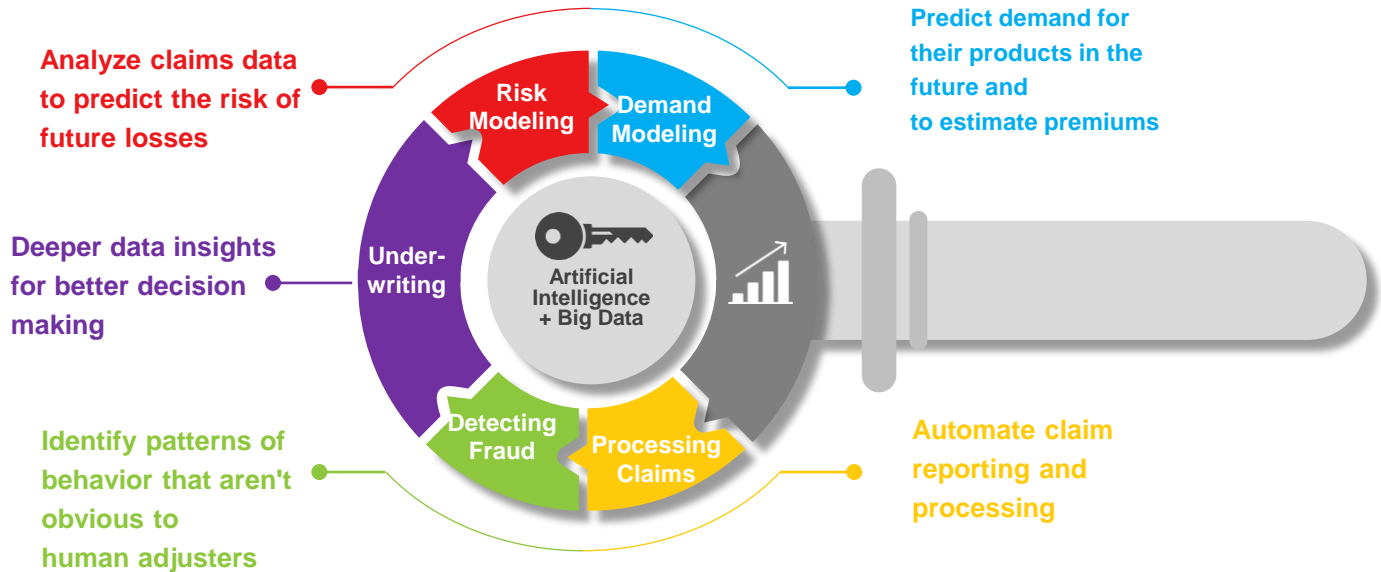


# Why InsurTech?



# Key Emerging Technologies

**Fact:** Some insurance companies amass large amounts of data, yet most insurers use only 10 to 15% of the data they collect (National Association of Insurance Commissioners, US)

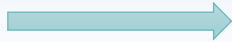


# The Focus of InsurTech

## InsurTech

- New tech disrupting norms
- New entrants from other sectors
- New models for emerging ecosystems

## Focus



- Increasing personalization
- Speedy and higher efficiency of services
- Using AI to offer deeper data insights
- A fundamental redesign of traditional value chains

## Cases



Tractable.ai



Amodo

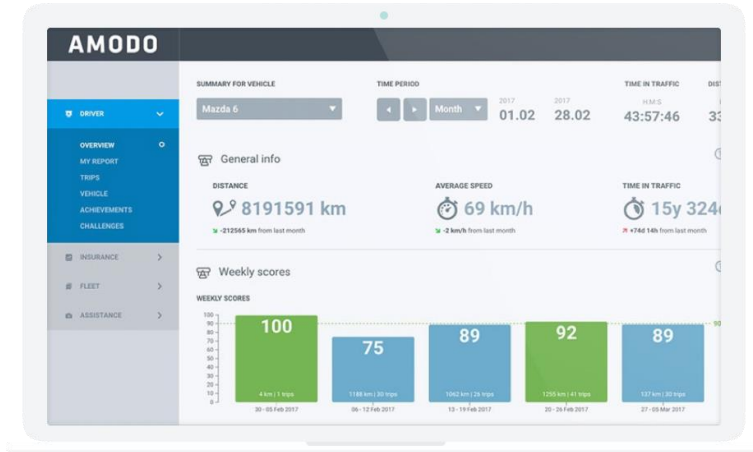
# Tractable.ai



- Founded in 2014
- Changing how car insurance companies handle accident claims
- Applying AI to accident and disaster recovery
- Looks at the asset damage and predicts repair costs from photos in real time
- Claims can be settled faster: from weeks to minutes
- Image recognitions: deep learning over 100 million images
- Being used by the largest insurance companies
- \$30M in venture capital investment

Source:

1. <https://www.forbes.com/sites/alisoncoleman/2019/07/09/four-insurtech-startups-shaking-up-the-insurance-industry/#586a44e329f4>
2. <https://tractable.ai/>



Amodo

- Digital platform employing usage and behavioral data that helps insurers build direct digital channels and new products.
- Customer engagement and sales.

Source:

<https://www.amodo.eu/>

# InsurTech: 10 Trends

## KPMG 2019



The macro trends that are influencing the adoption and implementation of insurtech in the insurance market



01 | Digitize



02 | Ecosystems Rock



03 | A New Game



04 | Digital Risk Reduction



05 | Digital Customer Focus



06 | New Oil: Data



07 | Master AI Now



08 | Auto Insurance



09/10 | Skill Up



- Insurance
  - **Highly regulated** industry with many layers of legal baggage
- Technology
  - Reliable and accurate?
    - Skimping on underwriting basics
    - A better pricing model leads to a better price?
    - More automated claims result in more frauds?

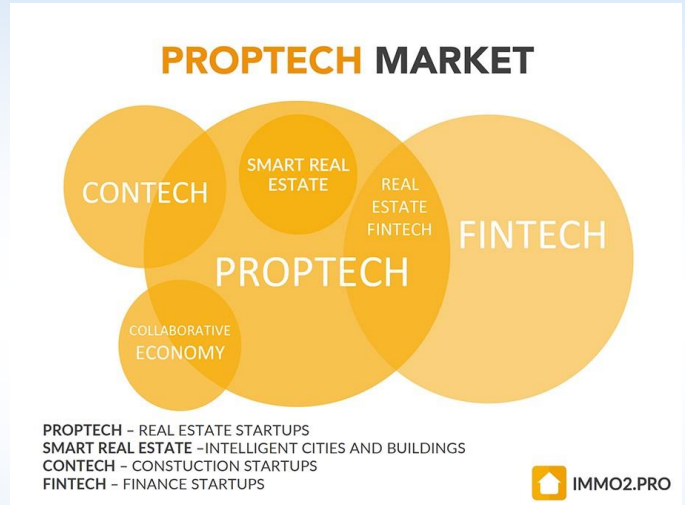
# PropTech

Technologically innovative products or new business models for the real estate markets

## PropTech Startups

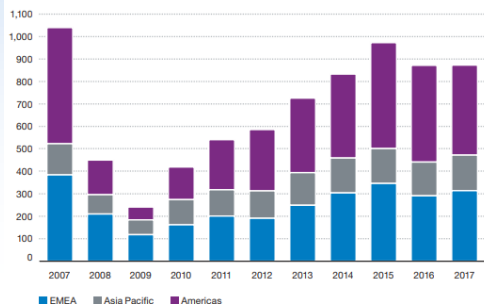
- Innovative tools to enhance services and/or productivity of real estate professionals
- New business models to replace real estate professionals

[



# Background of Real Estate Tech

Figure 1-1 Global capital flows 2017 (\$ bn)



Source: Real Capital Analytics

Table 2-2 Venture capital investment in proptech

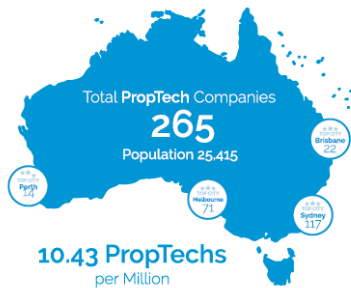
Year	Amount raised (\$m)	Deals
2011	186	40
2012	218	70
2013	446	105
2014	1,142	170
2015	1,714	191
2016	2,600	277
2017 (estimate)	3,400	n/a

Source: CB Insights

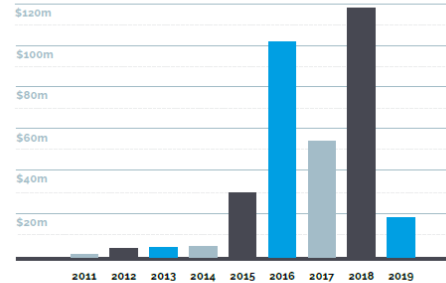
“As an industry, we are not as vulnerable to disruption as other sectors of the economy. On the contrary, it is unlikely that apartments will be replaced by digital products. But we can use digital products ourselves and offer them in addition to the apartment to customers. And by building houses using modules that are produced in the factory and only installed on site, we can quickly realize cost-effective new construction in existing neighborhoods.”

# PropTech in Australia

## PropTech per Capita & Top Cities



## PropTech Funding



Total Funding **\$339.01 million**

## PropTech Lifecycle



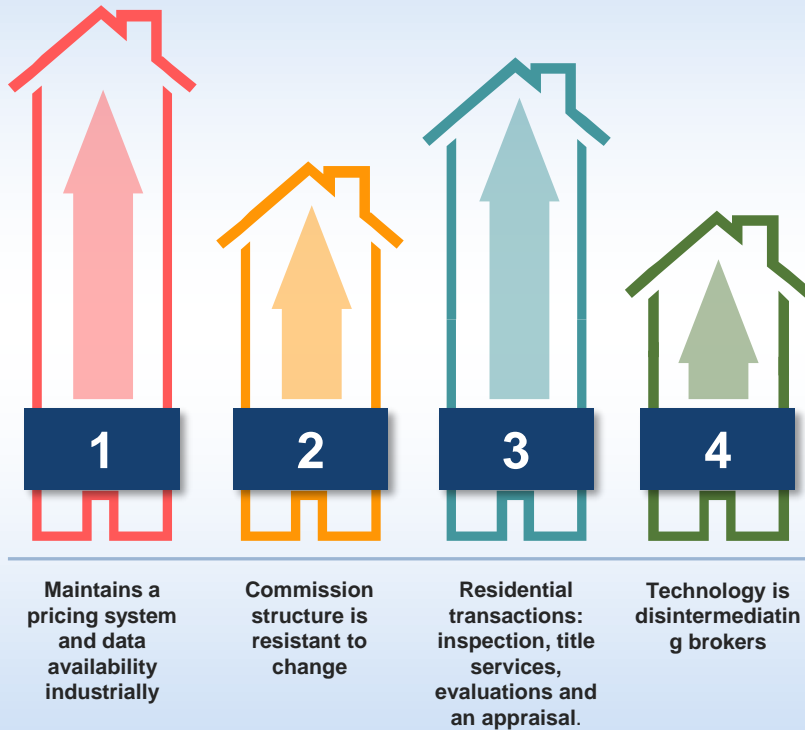
## PropTech Business Type

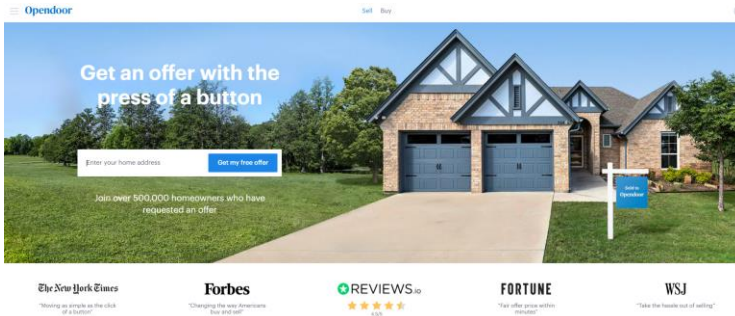


## PropTech Sector Breakdown



# PropTech: Residential Sector





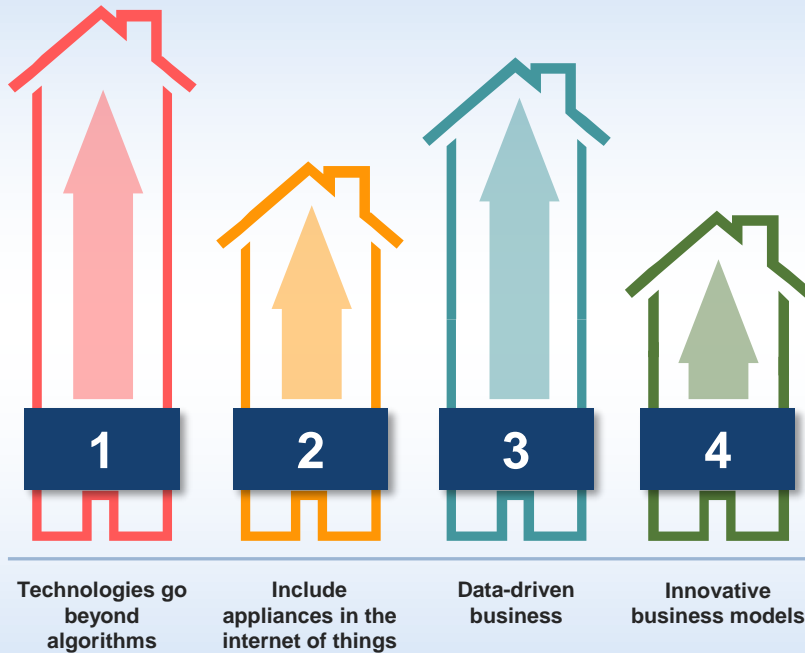
## Why OpenDoor is better

Selling to OpenDoor	VS	Traditional home sale
Competitive cash offer in 24 hours ✓		✗ Risk of buyer financing fall-through
No listing, prep work, or showings ✓		✗ Hours of prep work and home showings
Skip the repair work and deduct the costs ✓		✗ Manage repairs yourself
Choose any close date from 10-60 days ✓		✗ Uncertain closing timeline

# Open Door Residential Sector

- An US PropTech Startup
- Using data and algorithms to value homes
- 6.4% service charge to sellers (traditional 7-10%)
- \$1Billion funding including \$400mm from SoftBank
- Valuation? \$1 billion

# PropTech: Commercial Sector



# Equiem Commercial Sector



"Equiem's Life at IQL platform has helped us connect IQL to the broader Stratford area, significantly improve communication, simplify management of facilities, and build a world-class experience for our customers. It has further enhanced IQL's attractiveness as a workplace for leading companies."



Gilbert Yule  
Estate Director  
Landlease

[VIEW ALL TESTIMONIALS](#)

AS REPORTED BY

THE  
WALL STREET  
JOURNAL

REUTERS

THE COMMERCIAL  
OBSERVER

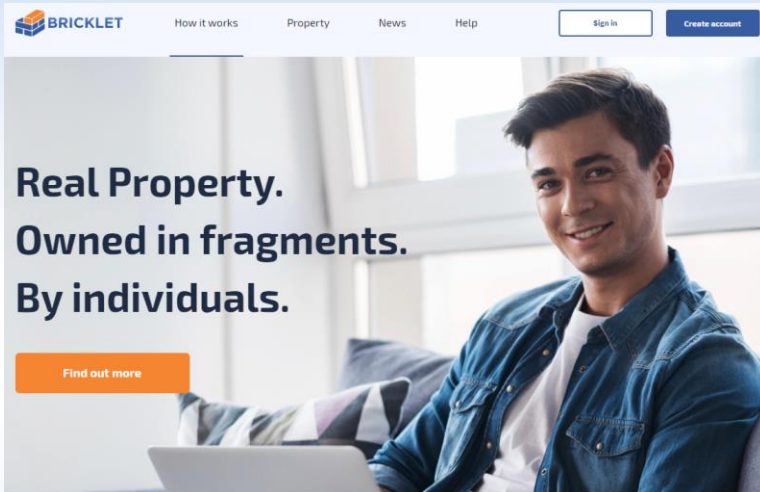
FINANCIAL REVIEW

Property  
Week

EC

- Digital platform for commercial real estate landlords to engage, delight and improve the working lives of their tenants.
  - Provide Tenants Services
  - Online asset management for landlords
  - Gather customer insights

# Blockchain in Property



Lakeba Group, NSW ,Australia

Bricklets:

- Blockchain technology to fragment land titles
- Enables small parcels of a property title
- Bricklets to be traded in the same way entire property titles are bought and sold, only incurring pro rata costs.
- Two apartments in Adelaide's tallest residential property, Kodo on Angas Street will be the world's first properties to be fragmented this way.